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FLOOR DEBATE

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would urge the advancement of the bill.

SPEAKER KRISTENSEN: Senator Dierks, you're recognized to open on the committee amendments.

SENATOR DIERKS: Thank you, Mr. President, Mr. Speaker. The committee amendments become the bill. The primary substantive change is to strike the original Section 5 of the bill which imposed an obligation upon landowners to compensate agricultural tenants for improvements upon the leased property in the event the lease was not offered for renewal at fair market value. This provision was the most contentious element of the bill as introduced. Original Section 5 has been replaced in the committee amendments with a new Section 5 that grants a modified right of first refusal to existing tenants in the event the railroad or a successor in interest desires to sell the leased land. Essentially, the committee amendments adopt an alternative approach to enable agricultural tenants to protect investments and improvements they have made in leased property. There are two limitations on this right of first refusal. First, it applies only to properties where the tenant maintains substantial improvements. The effect of this qualification is to omit irrelevant properties, such as vacant or otherwise unimproved properties which would impose little risk upon the tenant should the property be sold out from under them. This is in keeping with the legislative findings and public purpose as stated in the legislative intent section. A definition of substantial improvements is added by the committee amendments to mean buildings or other fixtures to property of a permanent nature. The second limitation is that the right of first refusal does not vest in the existing tenant if the property is sold to a third party that will continue or resume rail operations upon the adjacent railroad right of way or if the property is transferred for rail banking under the National Trail System Act. However, the properties remain subject to the lease arbitration provisions of Section 4. The committee amendments also make two changes to address issues raised in the fiscal note on the bill. First, the amendment adds a...add a cash fund in the new Section 8. The fiscal note points out that it is presumed any cost to the department will be paid out of general land approp...General Fund appropriation and any fees